



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Public Hearing to Introduce an Ordinance Amending Chapter 13.20 – Electrical Service – by Repealing and Reenacting Section 13.20.225, “Schedule NEM – Net Energy Metering Rider,” and Section 13.20.227, “Schedule CEM – Co-Energy Metering Rider”

**MEETING DATE:** October 19, 2011

**PREPARED BY:** Electric Utility Director

**RECOMMENDED ACTION:** Public Hearing to Introduce an Ordinance Amending Chapter 13.20 – Electrical Service – by Repealing and Reenacting Section 13.20.225, “Schedule NEM – Net Energy Metering Rider,” and Section 13.20.227, “Schedule CEM – Co-Energy Metering Rider”

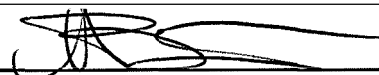
**BACKGROUND INFORMATION:** The purpose of this rider is to establish rates, terms and conditions for providing net metering services to customers generating electricity using renewable facilities one megawatt (MW) or less in size.

Currently residential and small commercial customers generating electricity with renewable facilities of 10 kW or less are net-metered; that is their meters deduct from their usage the amount they generate, and they are billed on the net. Customers generating electricity with renewable facilities greater than 10 kW and less than 1 MW are metered for consumption and generation separately; they pay the retail rate for all their usage and are paid for the energy they generate at the average wholesale cost plus the ECA. When AB 920 became effective on January 1, 2011 it required a number of changes to the co-metering component of the Lodi Electric Utility rate schedules. The changes, which require the purchase of customer generator power in excess of consumption, eliminate the advantage of using the co-metering schedule. The changes must be implemented in time to affect the 2011 calendar year of power consumption (net metering schedules do not result in a monthly bill, instead they are trued up at the end of the year).

The simplest way to implement the changes is to eliminate the co-metering schedule and migrate all customer generators to the net metering schedule. Staff also recommends this path because Lodi is the only California Municipal utility to implement a co-metering schedule. Migrating all customer generators to net metering will bring the electric utility into compliance with AB 920 and bring Lodi into compliance with the industry standard.

On the effective date of this ordinance, customer generators on the City's prior Schedule CEM-Co-Energy Metering Rider will be converted to the City's Schedule NEM-Net Energy Metering

APPROVED: \_\_\_\_\_

  
Konradt Bartlam, City Manager

Rider. In calendar year 2011, the annual Net Energy bill as provided in Lodi Municipal Code Section 13.20.225(D)(3), shall be calculated retroactive to January 1, 2011 and the annual Excess Energy credit or payment (if any) shall be calculated retroactive to January 1, 2011.

**FISCAL IMPACT:** Approximately \$25,000 annual revenue reduction with existing solar installations.

**FUNDING:** Not applicable.

  
Elizabeth A. Kirkley  
Electric Utility Director

Prepared By: Rob Lechner, Manager, Customer Service & Programs

EK/RSL/lt

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE LODI CITY COUNCIL AMENDING  
CHAPTER 13.20, "ELECTRICAL SERVICE," BY REPEALING AND  
REENACTING SECTION 13.20.225, "SCHEDULE NEM - NET  
ENERGY METERING RIDER," AND SECTION 13.20.227,  
"SCHEDULE CEM - CO-ENERGY METERING RIDER"

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BE IT ORDAINED BY THE LODI CITY COUNCIL AS FOLLOWS:

**SECTION 1.** Lodi Municipal Code Section 13.20.225, "Schedule NEM - Net Energy Metering Rider," is hereby repealed and reenacted to read as follows:

- A. **PURPOSE:** The purpose of this rider is to establish rates, terms, and conditions for providing net metering services to customers generating electricity using solar and wind facilities of ten ~~k~~**1 MW** or less in size. This rider complies with California State legislation requiring every electric utility in the state, including municipally owned utilities, to develop a standard contract or tariff providing for net energy metering, as defined below.

- B. **APPLICABILITY:** This schedule is applicable to service for customers where a part or all of the electrical requirements of the customer can be supplied from a solar or wind power production source owned and operated by the customer (customer-generated). Availability of this schedule to eligible customer-generators will be on a first-come, first-served basis and will be available until such time the total rated generating capacity used by eligible customer-generators equals ~~two and one-half~~**five** percent (~~2.5%~~) of the City of Lodi aggregate customer annual peak demand.

The solar or wind generation source must: 1) have a capacity of ~~10 k~~**1 MW** or less, 2) be located on the customer-generator's premises, 3) be connected for parallel operation with Lodi's distribution facilities, and **4)** be intended for the sole purpose of offsetting a part or all of the customer-generator's own electrical requirements. In no case shall the power or energy generated by the customer-owned solar or wind source be available for resale, except as specified under this rider.

Additional terms and conditions for service, including terms of interconnection and parallel operation, are specified in a customer-specific Electrical Interconnection and Net Energy Metering Payment Agreement.

- C. **RATES:** Charges for electricity supplied by the City will be based on metered usage in accordance with Special Conditions (3) and (5) below. Rates charged under this schedule will be in accordance with the eligible customer-generator's otherwise applicable rate schedule. Public Benefit charges and monthly customer charges shall not be by-passable.

**D. SPECIAL CONDITIONS:**

1. Other Agreements: A signed Electrical Interconnection and Net Metering Payment Agreement between the customer-generator and the City is required for service under this schedule.
2. Metering Equipment: Net energy metering shall be accomplished using a single meter capable of registering the flow of electricity in two directions. If customer's existing electrical meter is not capable of measuring the flow of electricity in two directions, the customer-generator shall be responsible for all expenses involved in purchasing and installing a meter that is capable of measuring electricity in both directions.

**Co-Enerav Meterina customers transferred to Net Metering pursuant to Lodi Municipal Code 13.20.227, may remain on the dual meter svstem. Net Energy Metering customers, at their election may opt for the dual meter svstem.**

3. Net Energy Metering and Billing: Net Energy is defined as measuring the difference between the electricity supplied by the City through the electric grid to the eligible customer-generator and electricity generated by an eligible customer-generator and fed back into the electric grid over a 12-month period.

In the event that the electricity supplied by the City during the 12-month period exceeds the electricity generated by the eligible customer-generator during the same period, the eligible customer is a net electricity consumer and the City shall bill the customer for the net consumption during the 12-month period based on the retail price per kilowatt-hour for eligible customer-generator's rate class over the same period.

The City shall provide the customer-generator with net electricity consumption information on each regular bill. That information shall include the current amount owed to the City for the net electricity consumed. Customer-generator may exercise the option to pay monthly for the net energy consumed, but in any event shall be responsible for any payments due at the end of each 12-month period.

4. Attributes: Any Capacity Attributes or Environmental Attributes associated with the renewable energy produced by the customer-generator at sites subject to this schedule shall belong to the City with the sole exception of Renewable Energy Credits for solar and wind generation up to the amount of on-site consumption. Capacity Attributes include, but are not limited to, System Resource Adequacy Capacity and Local Resource Adequacy Capacity, if any. Environmental Attributes include, but are not limited to, Renewable

Portfolio Standard recognition, Renewable Energy Credits, Greenhouse Gas Credits, and Emission Reduction Credits, if any.

5. Excess Energy: Net energy metering will be administered on an annualized basis, beginning with the month of interconnection of the customer's generating system with the City's electrical system. Electric solar and wind generation production may result in a dollar credit carrying forward to the next billing period. If a credit accumulation results in a net customer-owned generation credit at the end of the annualized year, unused dollar credits will be set to zero and not be carried into the new annualized year unless the customer-generator affirmatively elects to be paid for such excess. If the customer-generator so elects, the City shall either pay the customer-generator or credit the customer generator's account for such excess at the Baseline Energy Cost rate specified in Schedule ECA plus the Energy Cost Adjustment rate averaged for the billing periods with excess generation.
6. Rules and Regulations: Other conditions specified in the City of Lodi Electric Utility Department's Rules, Regulations and Engineering Standards shall apply to this electric rate schedule.

SECTION 2. Lodi Municipal Code Section 13.20.227, "Schedule CEM - Co-Energy Metering Rider," is hereby repealed and reenacted to read as follows:

**13.20.227 - Conversion of Prior Schedule CEM - Co-Energy Metering Rider:**

A. On the effective date of this Ordinance, customer generators on the City's prior Schedule CEM Co-Metering Rider will be converted to the City's Schedule NEM-Net Energy Metering Rider. In calendar year 2011, the annual Net Energy bill as provided in Lodi Municipal Code Section 13.20.225(D)(3), shall be calculated retroactive to January 1, 2011 and the annual Excess Energy credit or payment (if any) shall be calculated retroactive to January 1, 2011.

~~A. PURPOSE: The purpose of this rider is to establish rates, terms, and conditions for providing co-energy metering service to customers generating electricity using solar and wind facilities greater than 10 kW and not more than 1 MW in size. This rider complies with California State legislation allowing municipally owned utilities to develop a standard contract or tariff providing for co-energy metering, as defined below.~~

~~B. APPLICABILITY:~~

~~This schedule is applicable to service for customers where a part or all of the electrical requirements of the customer can be supplied from a solar or wind power production source owned and operated by the customer (customer generator). Availability of this schedule to eligible customer generators will be on a first come, first served basis and will be available until such time the total rated generating capacity used by eligible customer generators equals two and one-half percent (2.5%) of the City of Lodi aggregate customer annual peak demand.~~

~~\_\_\_\_\_ The solar or wind generation source must: 1) be rated not more than 1 MW and not be eligible for Schedule NEM — Net Energy Metering Rider, 2) be located on the customer-generator's premises, 3) be connected for parallel operation with Lodi's distribution facilities, and 4) be intended for the sole purpose of offsetting a part or all of the customer-generator's own electrical requirements. In no case shall the power or energy generated by the customer-owned solar or wind source be available for resale, except as specified under this rider.~~

~~\_\_\_\_\_ Additional terms and conditions for service, including terms of interconnection and parallel operation, are specified in a customer-specific Electrical Interconnection and Co-Energy Metering Payment Agreement.~~

~~C. \_\_\_\_\_ RATES: Charges for electricity supplied by the City will be based on the co-metered usage in accordance with Special Conditions (3), (4), and (6) below. Rates charged under this schedule will be in accordance with the eligible customer-generator's otherwise applicable rate schedule.~~

~~1. \_\_\_\_\_ Energy Supplied Charges: The metered electricity supplied by the City to the customer-generator over the applicable billing period will be billed at the applicable service rate in effect when the service was rendered. All conditions, charges, adjustments and taxes under the applicable rate schedule shall be in effect. None of the charges of the applicable rate schedule shall be by-passable.~~

~~2. \_\_\_\_\_ Energy Transmitted Credit: The metered solar and wind electricity generated by the customer-generator and supplied to the City over the applicable billing period will be credited at the Baseline Energy Cost rate specified in Schedule ECA plus the Energy Cost Adjustment rate for the applicable billing period.~~

~~D. \_\_\_\_\_ SPECIAL CONDITIONS:~~

~~\_\_\_\_\_ 1. \_\_\_\_\_ Other Agreements: A signed Electrical Interconnection and Co-Energy Metering Payment Agreement between the customer-generator and the City is required for service under this schedule.~~

~~\_\_\_\_\_ 2. \_\_\_\_\_ Metering Equipment: Co-Energy metering shall be accomplished using two meters — the customer revenue meter of record and a separate generation meter. The customer-generator shall be responsible for all expenses involved in purchasing and installing required meters.~~

~~\_\_\_\_\_ 3. \_\_\_\_\_ Co-Energy Metering: Co-Energy metering is defined as the separate measurement of (i) the electricity supplied by the City through the electric grid to the eligible customer-generator and (ii) the electricity generated by an eligible customer-generator from the customer-owned solar or wind source.~~

~~\_\_\_\_\_ 4. \_\_\_\_\_ Co-Energy Billing: The customer-generator shall receive a "net bill" from the City for each billing period. The co-energy metering net billing calculation shall be composed of the Energy Supplied Charges less the Energy Transmitted Credit.~~

~~\_\_\_\_\_ All net charges are due at the time of billing. Electric generation production may result in a dollar credit carrying forward to the next billing period, subject to Special Condition (6) below.~~

- ~~5. Attributes: Any Capacity Attributes or Environmental Attributes associated with the renewable energy produced by the customer generator at sites subject to this schedule shall belong to the City with the sole exception of Renewable Energy Credits for solar and wind generation up to the amount of on-site consumption. Capacity Attributes include, but are not limited to, System Resource Adequacy Capacity and Local Resource Adequacy Capacity, if any. Environmental Attributes include, but are not limited to, Renewable Portfolio Standard recognition, Renewable Energy Credits, Greenhouse Gas Credits, and Emission Reduction Credits, if any.~~
- ~~6. Excess Energy: Co-Energy metering will be administered on an annualized basis, beginning with the month of interconnection of the customer's generating system with the City's electrical system. Electric generation production may result in a dollar credit carrying forward to the next billing period. If a credit accumulation results in a net customer-owned generation credit at the end of the annualized year, unused dollar credits will be set to zero and not be carried into the new annualized year unless the customer-generator affirmatively elects to be paid for such excess. If the customer-generator so elects, the City shall either pay the customer generator or credit the customer generator's account for such excess at the Baseline Energy Cost rate specified in Schedule ECA plus the Energy Cost Adjustment rate averaged for the billing periods with excess generation.~~
- ~~7. Rules and Regulations: Other conditions as specified in the City of Lodi Electric Utility Department's Rules, Regulations and Engineering Standards shall apply to this electric rate schedule.~~

SECTION 3. No Mandatory Duty of Care. This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 4. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 5. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 6. This ordinance shall be published pursuant to law and shall become effective 30 days from the date of passage and adoption.

SECTION 7. The amended Schedules referenced above shall be effective on applicable electric utility billings prepared by the City of Lodi on or after January 1, 2012, or the first date allowable under State law.

Approved this \_\_\_\_ day of \_\_\_\_\_, 2011 ■

\_\_\_\_\_  
BOB JOHNSON  
MAYOR

ATTEST:

RANDI JOHL  
City Clerk

State of California  
County of San Joaquin, ss.

I, Randi Johl, City Clerk of the City of Lodi, do hereby certify that Ordinance No. \_\_\_\_ was introduced at a regular meeting of the City Council of the City of Lodi held October **19, 2011**, and was thereafter passed, adopted, and ordered to print at a regular meeting of said Council held \_\_\_\_\_, **2011**, by the following vote:

AYES: COUNCIL MEMBERS -

NOES: COUNCIL MEMBERS -

ABSENT: COUNCIL MEMBERS -

ABSTAIN: COUNCIL MEMBERS -

If further certify that Ordinance No. \_\_\_\_ was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

RANDI JOHL  
City Clerk

Approved to Form:

D. STEPHEN SCHWABAUER  
City Attorney





*Please immediately confirm receipt  
of this fax by calling 333-6702*

CITY OF LODI  
P. O. BOX 3006  
LODI, CALIFORNIA 95241-1910

**ADVERTISING INSTRUCTIONS**

**SUBJECT:** PUBLIC HEARING TO CONSIDER INTRODUCING ORDINANCE  
AMENDING CHAPTER 13.20, "ELECTRICAL SERVICE," BY REPEALING  
AND REENACTING SECTION 13.20.225, "SCHEDULE NEM - NET  
ENERGY METERING RIDER," AND SECTION 13.20.227, "SCHEDULE  
CEM - CO-ENERGY METERING RIDER"

**PUBLISH DATE:** SATURDAY, OCTOBER 8, 2011


**LEGAL AD**

**TEAR SHEETS WANTED:** One (1) please

**SEND AFFIDAVIT AND BILL TO:** RANDI JOHL, CITY CLERK  
City of Lodi  
P.O. Box 3006  
Lodi, CA 95241-1910

**DATED:** THURSDAY, OCTOBER 6, 2011

**ORDERED BY:** RANDI JOHL  
CITY CLERK

  
JENNIFER M. ROBISON, CMC  
ASSISTANT CITY CLERK

\_\_\_\_\_  
MARIA BECERRA  
ADMINISTRATIVE CLERK

**Verify Appearance of this Legal in the Newspaper – Copy to File**

Faxed to the Sentinel at 369-1084 at _____ (time) on _____ (date) _____ (pages)	
LNS _____	Phoned to confirm receipt of all pages at _____ (time) _____ JMP _____ MB _____ CF (initials)



## **DECLARATION OF POSTING**

**PUBLIC HEARING TO CONSIDER INTRODUCING ORDINANCE AMENDING  
CHAPTER 13.20, "ELECTRICAL SERVICE," BY REPEALING AND REENACTING  
SECTION 13.20.225, "SCHEDULE NEM - NET ENERGY METERING RIDER," AND  
SECTION 13.20.227, "SCHEDULE CEM - CO-ENERGY METERING RIDER"**

On Thursday, October 6, 2011, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider introducing ordinance amending Chapter 13.20, "Electrical Service," by repealing and reenacting Section 13.20.225, "Schedule NEM - Net Energy Metering Rider," and Section 13.20.227, "Schedule CEM - Co-Energy Metering Rider" (attached and marked as Exhibit A) was posted at the following locations:

Lodi Public Library  
Lodi City Clerk's Office  
Lodi City Hall Lobby  
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 6, 2011, at Lodi, California.

ORDERED BY:

**RANDI JOHL  
CITY CLERK**

  
JENNIFER M. ROBISON, CMC  
ASSISTANT CITY CLERK

\_\_\_\_\_  
MARIA BECERRA  
ADMINISTRATIVE CLERK



## CITY OF LODI

Carnegie Forum  
305 West Pine Street, Lodi

### NOTICE OF PUBLIC HEARING

Date: October 19, 2011

Time: 7:00 p.m.

For information regarding this notice please contact:

**Randi Johl**

**City Clerk**

**Telephone: (209) 333-6702**

**EXHIBIT A**

**ICE OF PUBI**

**IG**

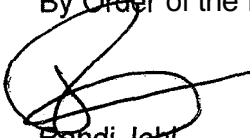
**NOTICE IS HEREBY GIVEN** that on **Wednesday, October 19, 2011**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) **Introduce an Ordinance Amending Chapter 13.20, "Electrical Service," by Repealing and Reenacting Section 13.20.225, "Schedule NEM - Net Energy Metering Rider," and Section 13.20.227, "Schedule CEM - Co-Energy Metering Rider"**

Information regarding this item may be obtained in the Electric Utility Department, 1331 South Ham Lane, Lodi, (209) 333-6762. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 West Pine Street, 2<sup>nd</sup> Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

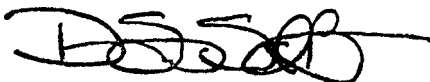
By Order of the Lodi City Council:



Randi Johl  
City Clerk

**Dated:** October 5, 2011

Approved as to form:



D. Stephen Schwabauer  
City Attorney